

Message Text

LIMITED OFFICIAL USE

PAGE 01 HELSIN 00084 150800Z

13-11

ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 DODE-00 PA-01 PRS-01

NSC-05 SS-15 STR-04 CEA-01 AGR-05 /087 W

----- 106467

R 150615Z JAN 76

FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 9540

INFO AMEMBASSY COPENHAGEN

AMEMBASSY MOSCOW

AMEMBASSY OSLO

AMEMBASSY STOCKHOLM

LIMITED OFFICIAL USE HELSINKI 0084

E.O. 11652: N/A

TAGS: EEWT, FI

SUBJECT: NEWSPAPER CLAIMS DIFFICULTIES IN FINNISH-SOVIET TRADE

REF: HELSINKI 0056

1. SUMMARY: HELSINGIN SANOMAT CLAIMED JANUARY 7 THAT SOVIET UNION IS DELAYING PURCHASES OF FINNISH PRODUCTS BECAUSE OF SOVIET FOREIGN EXCHANGE DIFFICULTIES AND HIGH FINNISH INFLATION. SOVIET AND FINNISH OFFICIALS QUICKLY RESPONDED THAT TRADE BETWEEN TWO COUNTRIES WAS PROCEEDING AS AGREED IN TRADE PROTOCOL. HELSINGIN SANOMAT REPORT SEEMS EXAGGERATED BUT HIGH FINNISH INFLATION COULD BE MAKING FINNISH SALES TO USSR MORE DIFFICULT. END SUMMARY.

2. INDEPENDENT HELSINGIN SANOMAT REPORTED ON FRONT PAGE JANUARY 7 (WHILE FONMIN SORSA ON OFFICIAL VISIT TO USSR) THAT SHORTAGE OF FOREIGN EXCHANGE IN USSR HAS BEGUN TO AFFECT FINNISH-SOVIET TRADE. ACCORDING TO ARTICLE,
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 HELSIN 00084 150800Z

SOVIET UNION WANTS TO POSTPONE SOME DELIVERIES,

PARTICULARLY PRODUCTS OF METAL INDUSTRY. HELSINGIN SANOMAT CHARACTERIZED FINNISH-SOVIET NEGOTIATIONS AT COMPANY LEVEL AS SLOW AND DIFFICULT BECAUSE OF FINLAND'S HIGH INFLATION RATE.

3. KANSAN UUTISET (COMMUNIST NEWSPAPER) AND DEMARI (SOCIAL DEMOCRATIC NEWSPAPER) QUICKLY DENIED VALIDITY OF HELSINGIN SANOMAT'S ARTICLE. LEFT-WING NEWSPAPERS STRESSED THAT LACK OF FOREIGN EXCHANGE IN USSR COULD HARDLY AFFECT FINNISH-SOVIET TRADE BECAUSE TRADE IS BILATERALLY BALANCED OVER PERIOD OF TRADE AGREEMENT AND SHORT-TERM TRADE FLUCTUATIONS ARE HANDLED WITHIN CLEARING ACCOUNT. LEFT-WING NEWSPAPERS NOTED THAT VALUE OF EXPORTS TO SOVIET UNION INCREASED DURING 1974-75, WHILE FINLAND'S EXPORTS TO WESTERN COUNTRIES IN SAME PERIOD WERE DOWN SIGNIFICANTLY (22 PERCENT TO EC AND 11 PERCENT TO US). SOVIET TRADE OFFICIAL IN HELSINKI STATED PUBLICLY THAT FINNISH-SOVIET TRADE WILL CONTINUE WITHOUT ANY INTERRUPTIONS.

4. ON JANUARY 8 FOREIGN MINISTER KALEVI SORSA AND CHIEF OF FOREIGN MINISTRY DEPARTMENT FOR FOREIGN TRADE, ARVO RYTKONEN, PUBLICLY DENIED HELSINGIN SANOMAT'S CLAIMS AND STRESSED THAT THERE WAS NO NEED TO WORRY ABOUT POSSIBILITY OF USSR REDUCING ITS TRADE WITH FINLAND. SORSA EMPHASIZED THAT FINNISH-SOVIET TRADE IS BASED ON CLEARING AGREEMENTS WHICH DO NOT INVOLVE FOREIGN EXCHANGE. BOTH SORSA AND RYTKONEN SAID THAT TALKS IN MOSCOW (REFTEL) WERE USEFUL AND SHOWED THAT INTEREST IN ECONOMIC COOPERATION BETWEEN FINLAND AND SOVIET UNION IS GROWING. SORSA ALSO SAID THAT FINLAND'S HIGHER-THAN-AVERAGE INFLATION HAS AFFECTED COMPETITIVENESS OF FINNISH PRODUCTS IN BOTH EASTERN AND WESTERN MARKETS.

5. ACCORDING TO TTT (WORKERS' ECONOMIC RESEARCH INSTITUTE), FINLAND'S EXPORTS TO USSR HAVE NOT DEVELOPED AS EVENLY AS HAS GENERALLY BEEN EXPECTED. DISRUPTIONS IN TRADE PATTERNS (APPARENTLY A REFERENCE TO DROPS IN FINNISH EXPORT VOLUME AND VALUE) EXPERIENCED LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 HELSIN 00084 150800Z

IN WESTERN MARKETS WERE NOT AT FIRST FOLLOWED BY SIMILAR TRADE DISRUPTIONS WITH USSR. HOWEVER, OF LATE, SOME DISRUPTION IN TRADE WITH SOVIET UNION IS BEING FELT SIMULTANEOUSLY WITH PROBLEMS EXPERIENCED IN WESTERN TRADE.

6. ARVO RYTKONEN SAID IN NOVEMBER 1975, AFTER TRADE NEGOTIATIONS IN MOSCOW, THAT FINLAND COULD NOT AFFORD

TO DECREASE ITS EXPORTS TO USSR, SO IN ORDER TO
MAINTAIN ITS EXPORT LEVEL, FINLAND HAD TO ACCEPT
BIGGER QUOTAS OF IMPORTS OF SOME SOVIET GOODS THAN WAS
DESIRABLE. (THE USSR IS UNWILLING OR UNABLE TO
SUPPLY MORE THAN 6.5 MILLION METRIC TONS OF CRUDE OIL
PER YEAR, DESPITE FINNISH DESIRE TO IMPORT MORE.)

7. BEGIN LIMITED OFFICIAL USE: SPIKESMAN FROM
ASSOCIATION OF FINNISH METAL INDUSTRY AND METEX
(EXPORT COOPERATIVE OF FINNISH METAL INDUSTRIES)
TOLD EMBOFF THAT FINNISH DELIVERIES TO USSR HAVE NOT BEEN
DELAYED. THEY SUGGESTED THAT ARTICLE WAS BASED
ON INTERVIEWS WHICH WERE GENERALIZED AND EXAGGERATED.
HOWEVER, HELSINGIN SANOMAT REPORTER WHO WROTE ARTICLE
INSISTED TO EMBOFF THAT STORY WAS BASED ON INFORMATION
FROM SOME OF FINLAND'S LARGEST FIRMS. HE ADMITTED THAT
SOVIET FOREIGN EXCHANGE SHORTAGES MAY NOT BE
MAJOR REASON FOR SOVIETS DESIRING TO DELAY SOME
FINNISH DELIVERIES. HE FELT THAT THERE WAS NO REASON
TO DOUBT THAT THE SOVIET UNION WOULD NOT ACCEPT ALL
COMMODITIES AGREED TO IN TRADE PROTOCOL, BUT SAID THAT
SIGNING OF CONTRACTS AT COMPANY LEVEL FOR FROM 10 TO
30 PERCENT OF GOODS SPECIFIED IN 1976 FINNISH-SOVIET
TRADE AGREEMENT IS IN DIFFICULTY BECAUSE OF SOVIET
UNWILLINGNESS TO ACCEPT HIGH FINNISH PRICES.

8. COMMENT: GIVEN ESSENTIALLY BARTER NATURE OF
ALMOST ALL FINNISH-SOVIET TRADE, IT IS NOT LIKELY
THAT SOVIET FOREIGN EXCHANGE SHORTAGES HAVE NEGATIVE
IMPACT ON FINNISH EXPORTS TO USSR. SOVIETS PROBABLY
PERFER FINNISH GOODS TO OTHER WESTERN GOODS BECAUSE NO
FOREIGN EXCHANGE INVOLVED IN PURCHASES FROM FINLAND.
IF USSR SUFFERING FROM SHORTAGE HARD CURRENCY, SOVIETS
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 HELSIN 00084 150800Z

MAY CHOOSE TO SUBSTITUTE SOME OF THEIR OTHER WESTERN
IMPORTS WITH FINNISH IMPORTS. IT APPEARS THAT HELSINGIN
SANOMAT ARTICLE WAS EXAGGERATED; NEVERTHELESS, HIGH
DOMESTIC INFLATION COULD WELL BE MAKING IT MORE DIFFICULT
FOR FINLAND TO SELL ITS PRODUCTS TO SOVIET UNION. END LOU.
AUSTAD

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE AGREEMENTS, NEWS MEDIA COMMENTS, GOVERNMENT REACTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 15 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976HELSIN00084
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760015-0269
From: HELSINKI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760155/aaaabwmm.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 HELSINKI 56
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 15 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 APR 2004 by greeneet>; APPROVED <23 APR 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEWSPAPER CLAIMS DIFFICULTIES IN FINNISH-SOVIET TRADE
TAGS: EEWT, FI, UR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006